

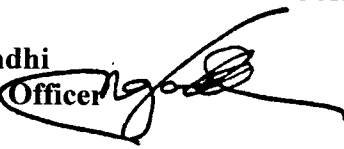
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: February 5, 2009

SUBJECT: Fiscal Impact Statement: "Fiscal Year 2009 Income Tax Secured Revenue Bond and General Obligation Bond Issuance Approval Resolution of 2009"

REFERENCE: Draft Resolution – no bill number available

Conclusion

Funds are sufficient in the FY 2009 budget and the FY 2010 through FY 2012 budget and financial plan to implement the proposed resolution.

Background

The Income Tax Secured Bond Authorization Act of 2008 (D.C. Law 17-254) authorized the issuance of up to \$2.919 billion of bonds payable from and secured by individual income tax and business franchise tax revenues ("Income Tax bonds"). No bonds have yet been issued pursuant to this act. In addition, the General Obligation Bonds and Bond Anticipation Notes for Fiscal Years 2007 through 2012 Authorization Act of 2006 (D.C. Law 16-212) authorized the issuance of up to \$3.217 billion of General Obligation bonds ("General Obligation bonds"). Of the \$3.217 billion authorized, \$1.238 billion has been issued.

The Fiscal Year 2001 Budget Support Act of 2000 (D.C. Law 13-172) requires the Mayor to seek Council approval, by resolution, before borrowing funds for capital projects. Pursuant to this act, the proposed resolution would authorize the District to issue up to \$325 million in refunding bonds and \$652.5 million of either General Obligation or Income Tax bonds to fund the capital projects listed in the resolution in FY 2009. The Office of Budget and Planning

provided the list of capital projects, totaling \$652.5 million, and confirmed that all projects are part of an approved capital budget for the District.

If General Obligation bonds are issued in lieu of Income Tax bonds, to the extent property taxes are allocated to pay the General Obligation bonds, the amounts of income taxes and business franchise taxes that otherwise would have been set aside for payment of Income Tax bonds would become available for the District's operations. Conversely, if Income Tax bonds are issued in lieu of General Obligation bonds, to the extent income taxes and business franchise taxes are allocated to pay the Income Tax bonds, the amounts of property taxes that otherwise would have been set aside for payment of General Obligation bonds would become available for the District's operations.

Financial Plan Impact

The proposed resolution, which authorizes the District to issue Income Tax or General Obligation bonds, does not impact the budget and financial plan. Funds are sufficient in the FY 2009 budget and the FY 2010 through FY 2012 budget and financial plan to implement the proposed resolution.